



**Development *Alternatives*, Inc.**

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7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814 USA

Tel: (301) 718-8699 Fax: (301) 718-7968 Email: [info@dai.com](mailto:info@dai.com) Website: [www.dai.com](http://www.dai.com)

## **2002 Linkages for the Economic Advancement of the Disadvantaged (LEAD) Annual Report**

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Author's Name: Paul Bundick, Chief of Party and LEAD staff

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**The LEAD Program  
(Linkages for the Economic Advancement of the  
Disadvantaged)**

**Revised Annual Report  
(Final Version)  
January to December 2002**

**Prepared by:  
Development Alternatives**

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Cognizant Technical Officer  
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Tel: (301) 718-8699 Fax: (301) 718-7968 Email: [info@dai.com](mailto:info@dai.com) Website:  
[www.dai.com](http://www.dai.com)

## Executive Summary

1. The LEAD program, a USAID project managed by DAI, is dedicated to opening up new opportunities for disadvantaged groups in Zimbabwe by working with and through partner organizations to provide access to new markets, support business and technical skills development, introduce new technologies and expand outreach to micro-credit.
2. Despite worsening economic and political conditions in Zimbabwe, LEAD has, over the last 15 months, designed, brokered, contracted and started to implement 36 subprojects in collaboration with implementing organizations. The subprojects (already contracted) are designed to assist more than **66,000 households** (396,000 people) increase their incomes, grow more food, and/or protect basic assets. Even before the 2002/03 growing season is completed, **LEAD has directly benefited 27,794 households with its services by the end of December 2002.**
3. About one third of LEAD assisted households were visibly AIDS affected identified as those being severely affected by chronic illness, suffering recent deaths in the family related to chronic illness and/or caring for orphan children.
4. In 2002, through its partner organizations, LEAD has provided **16,596 micro loans** to communal farmers and microenterprises. Our microfinance partners have opened 12 new points of service. We have established two loan guarantee funds in collaboration with two NGOs and a commercial bank to help finance agricultural inputs for expanding outgrower schemes. Visibly affected AIDS affected households received 6,141 of these loans.
5. Under LEAD support, Zambuko Trust grew its client portfolio from 8741 clients in April 2002 to 12,854 clients by the end of December 2002, an increase of 47%!
6. LEAD also made substantial progress in improving the business capacity of informal enterprises by providing **30,478 business and technical services** of which 9,813 were delivered to HIV affected households. In terms of skills development and capacity building LEAD provided an impressive **2.2 million person days of training** in just 14 months through its project interventions.
7. LEAD's work has significantly improved the lives and livelihoods of households participating in our program. Our first impact study found that participating households eat better and more often, keep their children in school longer, can afford medicines to treat opportunistic infections, and enjoy a better quality of life than their non-participating counterparts. LEAD interventions have done much to reduce the vulnerability of households in these times of economic hardship.
8. External factors such as drought, political disturbance, and livestock disease plus the general economic downturn have adversely affected the numbers achieved in a number of LEAD's interventions, especially those focusing on market access in communal lands. As a result LEAD did not fully meet its established targets for 2002 in the Performance Measurement Plan (PMP). Despite our own perceptions of having a very good year, we only achieved slightly more than one-third the way to our original goals.
9. Given our substantial accomplishments in 2002, experience has now shown that our established targets are unrealistic. The PMP targets need to be adjusted to reflect harvest cycles rather than annual calendar dates and revised downward given the continuing deterioration of the working environment and the shortage of economic growth funds for FY 2003 to fully fund the DAI/LEAD contract.

# I. Introduction

This annual report summarizes the accomplishments realized by Development Alternatives Inc. (DAI) and its partner organizations in implementing USAID's **Linkages for the Economic Advancement of the Disadvantaged (LEAD) Program** in Zimbabwe. The purpose of LEAD is to improve the lives and livelihoods of disadvantaged Zimbabweans living primarily in non-urban areas by increasing access to new income earning opportunities and to ease their hardship made worse by the deteriorating economic situation and the devastating effects of the HIV/AIDS pandemic. LEAD's purpose ties directly into USAID Zimbabwe's Special Objective (SpO) of expanding access to economic opportunity for Zimbabwe's disadvantaged groups---defined as the poor and HIV/AIDS affected.<sup>1</sup>

The LEAD program is a five-year activity, which began, in mid 2001. This report focuses on the period from January to December 2002 but also takes a cumulative look at progress achieved during the first year and a half of operations. The seasonal nature of many LEAD interventions requires a cumulative view of results, since project cycles, revenue earnings and their impact on lives and livelihoods do not conform nicely to calendar years and the benefits derived from initial investments continue to accrue over time to participating households.

In this report, in section II, provide an overview of all of LEAD's interventions to date and the progress we have achieved in relation sub-project targets. This gives the reader an idea of the broad range of LEAD grants and contracts and the numbers of beneficiaries that we have both targeted and reached. We then turn our attention in section III to our progress in achieving intermediate results. Intermediate results (IRs) are indicators deemed necessary and sufficient to achieve LEAD's overall objective of expanding access to economic opportunity. The indicators and targets have been established jointly with USAID and are now embodied in the revised Performance Measurement Plan (PMP), which was recently updated.

In section IV, we address the question of impact. What difference has LEAD interventions made in the lives and livelihoods of rural households? This question could only be asked for the most "mature" interventions whose participants have had sufficient time to earn revenues and make decisions on how to spend or investment them. We, therefore only selected older projects and in them only those participants who had received services four months prior to this study. The impact data is both quantitative and qualitative giving the reader a clearer picture of how our work has changed the lives and livelihoods of Zimbabwe's poor by opening up new economic opportunities. In section V, we highlight two innovative projects LEAD has promoted in 2002: micro-drip kits and our legal services voucher program. These are new initiatives full of promise. The complete story cannot be told until next year. But we have included some preliminary findings on how the projects have made a difference in the lives of poor households. Finally in section VI, we draw some conclusions on what LEAD has accomplished in relation to both results and impact to date.

The reader should be reminded that any discussion of targets and accomplishments must fully take into account the often extreme and sometimes dangerous working conditions posed by the rapid deterioration of the economic and political situation in Zimbabwe over the last two years. The political harassment of field workers by youth militia,

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<sup>1</sup> This report serves as the Annual Special Objective and Intermediate Results Report for 2002 specified in the DAI contract with USAID due every year in January.

increase in crime and the breakdown of law and order, serious drought, outbreak of livestock disease, the collapse of the commercial farming sector, massive unemployment, price controls with its predictable shortages of essential goods, hyperinflation approaching unofficially 500%, capital flight both physical and human, ubiquitous illness and death from AIDS and now the threat of widespread famine.

Not only has this difficult environment presented implementing organizations with unforeseen challenges that require instant flexibility but also in such a context, economic opportunity really means helping poor people to survive rather than advance or get ahead. Measures of success can be counted in terms of maintaining the number of meals eaten, keeping meat in the diet once a week or being able to keep a family's children in school rather than more typical measures of enterprise performance such as profitability and growth. Slowing or even halting the slide into poverty and despair for our client households is a major accomplishment in the present reality of Zimbabwe. As one reads this report please keep this alarming context in mind.

## **II. Overview of LEAD Interventions**

In October 2001, (beginning of FY 2002) the LEAD program modified its original workplan and adopted an "all out" crisis mitigation strategy in response to the rapidly unfolding economic calamity facing Zimbabwe. This focus on crisis mitigation only intensified throughout all of 2002 as the overall situation in the country continued to decline. In the face of deepening crisis, LEAD took immediate steps to bring forth tangible economic opportunities for growing numbers of marginalized persons and vulnerable households. Food security with income became the core theme by the end of the year as millions of rural Zimbabweans face basic food shortages and many of them even possible starvation in the months ahead.

Predictably, the agricultural sector received priority attention in 2002 because of its huge potential for widespread outreach and significant impact in relation to food security and income generation. Ironically the decline of commercial farming has created new opportunities for smallholders to supply cash crops to exporters and buyers who were previously supplied by larger commercial farms. LEAD seized upon this opportunity to assist thousands of micro-producers to grow edible cash crops and link them to new and more profitable market channels. As a rule in LEAD interventions, business and technical training complement the market linkage along with microfinance as needed. In an attempt to increase access to micro-credit, LEAD also assisted several microfinance institutions to open new points in economically depressed areas and laid the groundwork for one institution (Zambuko Trust) to transform into a regulated financial institution.

LEAD works with and through partner organizations to provide services to disadvantaged households. Typically these services are of seven types: 1) access to new markets, 2) business skills training, 3) technical skills training) 4) capacity building services including organization development, 5) provision of affordable technologies, 6) micro-credit both cash and in kind and 7) legal services for AIDS affected households. Many interventions incorporate two or more of the above services to create a meaningful economic opportunity for an enterprise or household.

Table 1 below gives a list of the number of LEAD interventions contracted to date along with the targeted number of beneficiaries for each intervention and the numbers served to date. The targets are multi-year and should not be considered to be for 2002 alone.

<b>Table 1</b>							
<b>LEAD Interventions to Date</b>							
<b>Intervention</b>		<b>Partners</b>	<b>Description</b>	<b>Time Line</b>	<b>Multi-year Targets</b>	<b>Time adjusted Targets</b>	<b>Achieved to date</b>
1	Microfinance institution capacity building and HIV/AIDS strategy	Zimbabwe Association of Microfinance Institutions	To position the micro-finance industry to meet client needs and improve their outreach and sustainability	Oct. 01 – Dec. 02	71 members  Activity targeted at institution building of ZAMFI for the benefit of members	71	40 institutions not households so not counted in total.
2	Black-Eyed Bean Outgrowing	VeCo Zimbabwe	Assist smallholders to produce black-eyed beans, link them to markets and provide input finance	Oct. 01 – Dec. 02  May be extended	1,500	1,500	1,533
3	Ostrich Outgrowing	Khula Sizwe	Provides access to markets, loans and business training to assist households raise ostriches as a business	Nov. 01 - Sept. 02  To be extended	100	100	51
4	Young Entrepreneurs Development	Junior Achievement Zimbabwe	Entrepreneurial skills training for youth helping them to start and manage a small business.	Dec. 01 – Sept. 02	1,200	1,200	1,217
5	Guar Bean Production	AgriSeeds and ITDG	Pilot production of new nitrogen fixing crop used with market links to the mining industry.	Jan. 02  To be re-designed in 2003	500	500	500
6	Sheep and Goats	World Vision Zimbabwe	Provide more profitable markets to smallholders with goat and sheep stocks and stimulate demand for more production.	Jan. 02 - Dec. 02	694	694	664
7	Expand microfinance services to Gutu and Mapisa	Collective Self-Finance Scheme	Expand microfinance services to marginalized groups	Apr. 02 - Mar. 03  To be extended	900	450	304
8	Opening of new points of microfinance service in Chiredzi and Beitbridge	Pundutso	Expand microfinance services to marginalized groups	Jan. 02 - Dec. 02  To be extended	1,210	908	510
9	Expand outreach in five rural branches which include Gwanda, Gutu, Rusape, Chipinge and Zvishavane	Zambuko Pvt (Ltd)	Expand microfinance services to marginalized groups.	Jan. 02 - Dec. 02  To be extended	3,200	2,400	3,174

10	Legal Services Voucher Program	Zimbabwe Women Lawyers Association	HIV/AIDS sensitivity training for lawyers.	May 02 - Feb. 03	46	46	46
11	Smallholder cotton farmers training	Citizens Network for Foreign Affairs	Train Cottco extension agents in simple business training and train in turn thousands of smallholders in the "farming as business".	May 02 - Jul. 03	5,600	2,333	6,110
12	Bee-keeping and honey production	Thornwood Trading (Pvt) Ltd	Intervention to link honey producers particularly the HIV/AIDS affected to new markets.	Jun 02 – May 03	700	700	2,700
13	Expand microfinance services to Gutu, Sanyati and Nembudziya	Women's Development and Savings Credit Union	Expand microfinance services to marginalized groups	Jun 02 – May 03	800	266	479
14	Chili Outgrowing in Muzarabani	Chili Pepper Co.	Link smallholder chili producers to new markets.	Jun. 02 - Dec. 03	500	500	497
15	Pilot Motivation Training	Mlongetcha Mkuku	Intervention designed to equip HIV/AIDS affected people with methodologies to take control of their lives.	June 02	100	100	120
16	Smallholder dry land farming	Compassion Ministries	Link smallholder dry land farmers to new markets.	Aug. 02 - Sept. 03	200	200	190
17	Legal Services Voucher Program— Distribution Centers Training	Connect – Zimbabwe Institute of Systemic Therapy & Contact	Training of distribution centers.	Aug 02 – July 03	80	80	80
18	Legal Services Voucher Program	Program being implemented in partnership with 7 AIDS Service Organizations and/or distribution centers	Intervention to reduce the economic vulnerability of HIV/AIDS affected households by providing protection of household assets through the provision of legal services.	Aug 02 – July 03	6,000	1,000	The program has been operational for three months with 246 voucher distributed by 8 distribution centers participating in the program
19	Soybean outgrowing	Africare-Zimbabwe	Link smallholder soybean outgrowers to finance and markets	Sep. 02 - Aug. 03	1,500	1,500	The program has been launched, and areas committees selected, and initial training of demonstrators.

20	Commodity Associations out grower schemes	Safire	Strengthen commodity associations to enter new markets	Sep. 02 - Oct. 03	1,215	1,215	To date 852 farmers have been recruited, and trained.
21	Smallholder horticultural extension services	Wholesale Fruiteurs	Provision of specialized horticultural extension services microproducers to link them to new markets.	Oct. 02 – Sep. 03	100	100	54
22	Chili outgrowing in Mashonaland East, Central, Midlands, and Manicaland	Africare-Zimbabwe	Link smallholder chili outgrowers to market	Oct. 02 – Sep. 03	1,300	108	The program has been launched and area committees selected.
23	Small Grains Program	Aztrech	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	1,500	1,500	1,500 have received pearl millet and black-eyed beans. Cow-pea awaiting clearance at customs
24	Small Grains Program	Commutech	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	500	500	Black-eyed pea seed distributed to 500 farmers.
25	Small Grains Program	Rural Development Organization	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	3,000	3,000	3,000 farmers identified and to date sorghum seed distributed to 1,000 farmers.
26	Small Grains Program	Khula Sizwe	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	500	500	500 farmers have received sorghum seed
27	Small Grains Program	World Vision Zimbabwe	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	17,700	17,700	The program has not yet started
28	Small Grains Program	Orap	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	2,500	2,500	Sorghum seed has been distributed to 2,000 farmers
29	Small Grains Program	VeCO	Intervention to increase food security incomes of drought-affected rural households.	Oct. 02 – Sep. 03	2,250	2,250	Black-eyed bean and sorghum seed has been distributed to 2,250
30	Seed Multiplication Program	ICRISAT	Seed development for the local market	Oct. 02 – Sep. 03	1,233	1,233	The program has just started



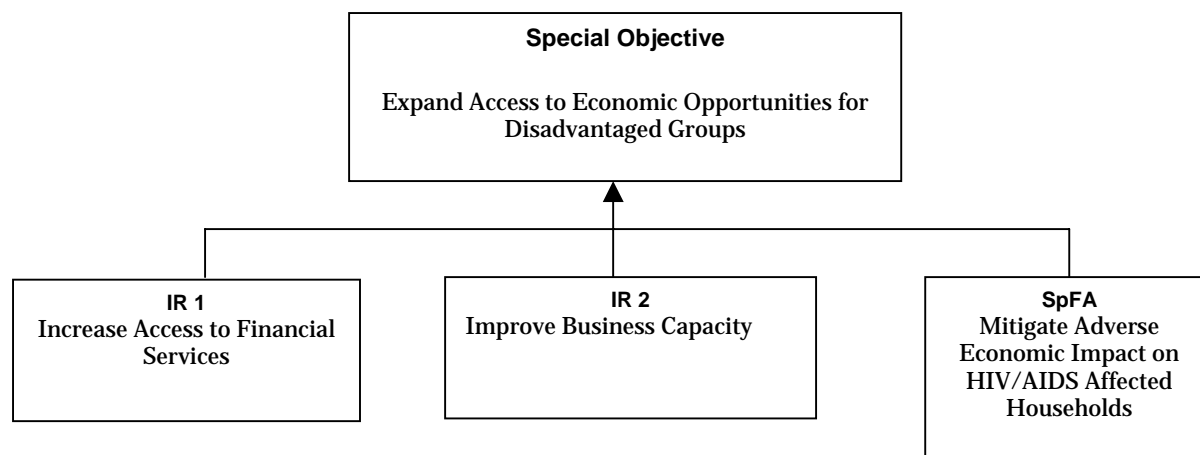
31	Low-cost drip irrigation program	International Development Enterprises	Low-cost drip irrigation for horticulture gardens participating in the pilot phase of the drip irrigation and treadle pump demonstration	Nov. 02 - Oct. 03	560	560	500
32	Smallholder coffee outgrowing	Zimbabwe Coffee Growers Association	Link smallholder coffee outgrowers to new market	Nov. 02 - Oct. 03	500	500	Smallholders farmers have been identified and agronomic training taking place.
33	Loan Guarantee Fund- Soya bean and chili pepper	Africare Zimbabwe	Intervention to act as a security or collateral which the commodity associations can access input credit financing	Nov. 02 - Oct. 03	5,174	431	The loan guarantee fund has been set up with the commercial bank and commercial buyer, so far 167 have raised \$488,500 as collateral.
34	Loan Guarantee Fund – Commodity Associations	Safire	Intervention to act as a security or collateral to enable chili outgrowers access seasonal crop financing	Nov. 02 - Oct. 03	1,215	101	The loan guarantee fund has been set up with the commercial bank and a commercial buyer.
35	Cotton outgrowing	Safire-Cargill	Intervention to link cotton outgrowers to more profitable markets	Nov. 02 - Aug. 03	1,500	1,500	The program has just started.
36	Bee-keeping and honey	Thornwood (Pvt) Ltd	Intervention to increase incomes for smallholder beekeepers	Nov. 02 - Nov. 03	500	500	The program has just started - an initial 10 bee-promoters being trained
	<b>TOTAL</b>				<b>66,148</b>	<b>48,746</b>	<b>27,794</b>

In sum, the LEAD program has sub-projects in place with partner organizations that are anticipated to reach 66,148 households over the life of a specific intervention, many of which are multi-year activities. The number of households reached by December 2002, was expected to be 48,746 households. Unfortunately, delays in contracting and implementation due political crisis and economic collapse reduced the actual number households reached to 27,794 or 57% of the projected target. In 2003, the remaining number of targeted households will be reached as the program continues to roll out and expand.

### III. Intermediate Results

USAID Special Objective (to which the LEAD program directly contributes) is to expand access to economic opportunities for disadvantaged groups in Zimbabwe. Making a significant contribution towards this end requires the LEAD program to concentrate on achieving two intermediate results (IR) and make an exceptional effort in one special focus area (SPFA) as can be seen in Figure 1 below.

**Figure 1**



Though the first Performance Measurement Plan (PMP) was approved in 2001, it was latter found to be too complicated for the changing priorities of the LEAD project especially as the humanitarian crisis continued to unfold in Zimbabwe in the midst of deteriorating economic climate, the rising numbers of destitute, the political turmoil in the rural areas and the mounting tragedy of the HIV/AIDS pandemic. A simpler PMP was developed in 2002 with a set of 6 indicators developed to measure IR 1, IR 2 and the HIV/AIDS special focus area. Another three indicators were developed at the level of the Special Objective to measure how well LEAD is contributing to the overall program purpose. The total of nine indicators are described in Table 2 below.

The indicators at the IR level center attention on services provided to or acquired by disadvantaged persons not on the number of households served. The more global Special Objective indicators address revenue and number of households as well as total number of services provided. Services provided to AIDS affected are considered as a subset of other indicators, though in some cases they approach close to 100%. Nearly every household in Zimbabwe is affected by HIV/AIDS either through caring for orphaned children, nursing the sick or lending support to the extended family.

Table 2	
LEAD performance indicators	
Indicator	Definition

<b>1.1</b> Number of micro-loans or other financial products acquired	<ul style="list-style-type: none"> <li>Number of micro-loans provided by companies, banks, classic micro finance institutions (MFIs), credit unions or other organizations as a part of LEAD interventions.</li> <li>Micro-loans or other financial products include both cash and in-kind inputs for agriculture if they are part of LEAD facilitated linkage agreements.</li> </ul>
<b>1.2</b> <b>Z</b> \$ value of micro-loans or other financial products acquired	<ul style="list-style-type: none"> <li>This refers to the total monetary value of loans and input credit disbursed by LEAD-assisted micro-finance institutions and other companies to disadvantaged community groups.</li> </ul>
<b>2.1</b> Number of business and technical services and productive technologies acquired	<ul style="list-style-type: none"> <li>This indicator measures the number of business services acquired by disadvantaged persons to improve their lives and livelihoods in LEAD supported interventions. A business service includes a range of products and services including training courses, access to new or expanded markets, productive technologies or consulting services including legal services to protect assets.</li> <li>Acquired refers to either the full purchase of a service or product, co-payment, or receiving it as a gift from a supplier or directly from LEAD.</li> <li>This indicator also includes the legal services provided under the experimental voucher program taking the household as an economic unit.</li> </ul>
<b>2.2</b> Number of hours on internet and communication services	<ul style="list-style-type: none"> <li>This refers to the number of hours of fee-based information and communication services acquired by disadvantaged groups and youth in LEAD assisted Business Opportunity Centers soon to start in 2003.</li> <li>Information and communication services include, internet surfing, e-mail, faxing, phone calls.</li> </ul>
<b>SpFA 1</b> (Subset of 1.1) Number of micro-loans or other financial products acquired by HIV/AIDS affected households	<ul style="list-style-type: none"> <li>This refers to the number of micro-loans provided by commercial companies; banks, classic micro finance institutions (MFIs), credit unions or other organizations to HIV/AIDS affected households as a part of LEAD interventions.</li> <li>Micro-loans or other financial products include both cash and in-kind inputs for agriculture if they are part of LEAD facilitated market linkage agreements.</li> </ul>
<b>SpFA 2</b> (Subset of 2.1) Number of market links, business and consulting services and tools acquired by HIV/AIDS households	<ul style="list-style-type: none"> <li>This indicator measures the number of <u>business services acquired</u> by HIV/AIDS affected households to improve their lives and livelihoods in LEAD supported interventions.</li> <li>This indicator also includes the number of legal services acquired by HIV/AIDS affected households under the experimental voucher program</li> </ul>
<b>SpO Impact Indicator</b> Estimated total revenue in Z\$ earned by households as a result of participating in LEAD assisted interventions	<ul style="list-style-type: none"> <li>This indicator measures the estimated revenue earned by disadvantaged households from acquiring services including micro-loans, productive technologies, business services, and market linkages in LEAD assisted interventions</li> </ul>
<b>SpO Outreach Indicator</b> A. Total number services acquired in all LEAD interventions  B. Number of persons acquiring services in LEAD assisted interventions	<ul style="list-style-type: none"> <li>Part A of this indicator is an aggregate total of Indicators 1.1 and 2.1</li> <li>Part B is an estimated number of persons benefiting from LEAD interventions. This is only an estimate because of the difficulty in accurately factoring out everyone who has received more than one service.</li> </ul>
<b>SpFA Impact Indicator</b> (subset SpO Indicator) Estimated percentage of total revenue earned by HIV/AIDS affected households	<ul style="list-style-type: none"> <li>This indicator is a subset of the SpO indicator</li> </ul>

Based on the defined indicators, Table 3 on the following page shows LEAD's achievements in terms of services provided according to the revised set of 6 indicators (at

the level of intermediate results). The detailed presentation of indicator 2.1 can be seen in Annex 1.

The figures for the two SpFA indicators in Table 3 speak to the services acquired by the HIV/AIDS affected households are based on two classifications, that is, HIV/AIDS targeted intervention and non-targeted HIV intervention. In initiatives that focused on increasing economic opportunity for *all* disadvantaged households without differentiating a particular target group, 35% of the beneficiary population was taken to be HIV affected, using the 35 % national prevalence rate as basis for this premise. The great majority of LEAD projects fall into the non-targeted category, save for the legal services, drip kits and honey production projects, which are targeted directly to assist AIDS affected households.

The empirical findings of the household impact studies (see section IV) confirm the figure of 35% to be an approximate figure for random non-targeted inventions. Visibly affected households in the three studies carried out (defined as those households suffering from chronic illness, recent death from chronic illness and/or caring for orphan children) constituted around one-third of the project participants. In the targeted interventions the affected households approach 100%.

<b>Table 3</b>						
<b>LEAD Achievements in 2002</b>						
<b>Intervention</b>		<b># of micro loans/ financial products acquired (1.1)</b>	<b>Z \$ value of micro loans /financial products acquired</b>	<b># of business and technical services and technologies acquired (2.1)</b>	<b># of micro loans/ financial products acquired by HIV/AIDS affected</b>	<b># of business and technical services and tools acquired by HIV/AIDS affected</b>
1	Micro finance institutional capacity building and HIV/AIDS strategy	-		56	-	
2	Black-Eyed Bean Outgrowing	1,533	367,920 *	3,184	537	1,114
3	Ostrich Outgrowing	53	49,710,668 *	233	18	81
4	Young Entrepreneurs Program	-		1,238	-	433
5	Guar Bean Production			500		175
6	Sheep and Goats Program	-	3 356 000	2,656	-	929
7	Expansion of microfinance services to Gutu and Maphisa	304	5,825,000	304	106	106
8	Opening of new points of microfinance service in Chiredzi and Beitbridge	510	8,004,000	510	179	179
9	Expansion of microfinance outreach in five rural areas of Gwanda, Gutu, Rusape, Chipinge and Zvishavane	3,174	72,888,000	3,174	1,111	1,111
10	Legal Voucher Program – Lawyers			46	-	
11	Smallholder cotton farmers business and technical skills training	-	-	5,710	-	1,998
12	Bee-keeping and honey production	700	2,000,000 *	6,120	700	2,142
13	Expansion of microfinance services to Gutu, Sanyati and Nembudziya	479	11,637,809	479	168	167
14	Chili outgrowing in Muzarabani	497	\$1,767,667 *	1,491	-	521
15	Pilot Motivation Training	-		120	-	42
16	Smallholder dry land farming	190	1,585,058 *	593	67	207
17	Legal Voucher Program – Distribution Centers	-		80	-	
20	Commodity Assoc.-out grower schemes	852	17,039,999 *	1,724	-	
21	Smallholder horticultural extension services	54	6,000,000 *	108	18	37
23	Aztrech small grains program	1,500	1,000,000 *		525	
24	Commutech – small grains program	500	1,000,000 *		525	
25	RUDO – small grains program	1,500	@ *		525	
26	Khula Sizwe – small grains program	500	100,000 *		175	
27	Orap – small grains program	2,000	@ *		700	
28	VeCo – small grains program	2,250	5,400,000 *		787	
31	LEAD-IDE low-cost drip irrigation and pump systems	-		1,632	-	571
32	Small Holder Coffee Out growers	-		500	-	
36	Bee Keeping and Honey Production- Hwedza	-		20	-	
<b>TOTAL</b>		<b>16,596</b>	<b>\$187,682,121</b>	<b>30,478</b>	<b>6,141</b>	<b>9,813</b>

Note: @ indicates that only one out of two or more seed types has been distributed and/ or the targeted number of farmers to receive seed is still yet to be achieved. Therefore the value of seed so far disbursed remains still to be determined.

Note - \* Indicates an in-kind loan or financial product

Building up client's business and technical skills has been a critical part of the LEAD program. Table 4 gives an overview of person hours of training in LEAD interventions. These include all capacity building training with implementing partners as well as training provided to disadvantaged groups.

<b>Table 4</b>		
<b>Person Hours of Training Services delivered for improving Business Capacity</b>		
<b>Intervention</b>	<b>Type of Training</b>	<b># of persons x hours of training = Person Hours</b>
Legal Services Voucher Program	<ul style="list-style-type: none"> <li>• Training of distribution centers on the LSVP and on the legal products of the program (80 counselors)</li> <li>• HIV/AIDS sensitivity training for lawyers participating in the Legal Services Voucher Program (46 lawyers)</li> </ul>	9,700 hours
Young Entrepreneurs Program	Entrepreneurship development training for in-school and out-of-school youth (1,217) and their teachers (21), focusing on aspects such as creating a business plan, starting, improving and managing a business	2,629,140 hours
LEAD-IDE low-cost drip irrigation and pump systems	Training of staff (66) from 22 NGOs, on the installation, use and maintenance of the micro irrigation system and pumps	6,732 hours
Commercial Linkages	Agronomic and community mobilisation training delivered through 7 commercial linkages reaching 5,691 communal farmers	12,429,560 hours
Smallholder cotton farmers business and technical skills training	Training of 55 master trainers on technical skills and on the business of cotton farming x 80 hrs, then each master trained at least 50 cotton farmers (2,750)	2,726,900 hours
Pilot Motivation Training	Training targeted at HIV/AIDS affected people and designed to motivate and equip them with ways to take charge of their lives. Training piloted with 120 voluntarily HIV tested people	2,880 hours
Micro Finance	<ul style="list-style-type: none"> <li>• Training delivered through the Micro finance institutional capacity building and HIV/AIDS strategy (28 participants), focusing on market and new product development</li> <li>• Business consultancy training services given per client reached by each of the 4 LEAD partner MFIs (4,467 clients)</li> </ul>	107,915 hours
<b>Total to Date</b>		17,912,827 hrs / 8 working hours = <b>2,239,103 person days of training delivered</b>

<b>Table 5</b>	
<b>Special Objective Indicators, 2002</b>	
<b>SpO Impact Indicator</b> Estimated total revenue in Z\$ earned by households as a result of participating in LEAD assisted interventions	(MFIs = Z\$235,882,461) (Linkage programs = Z\$8,618,981**) <b>Total = Z\$244,501,442</b>
<b>SpO Outreach Indicator</b> Total number of persons acquiring services or participating in LEAD assisted interventions	(MFIs = 4,467) (Linkage programs = 2552**) <b>Total = 7,019</b>
<b>SpFA Impact Indicator</b> (subset SpO Indicator)  Estimated percentage of total revenue earned by HIV/AIDS affected households	(MFIs = Z\$8,255,886= 35%*) (Linkage programs = Z\$3,016,643= 35%)  <b>Total = Z\$ 11,272,529 = 35%</b>

- \* The total in the table is a projection using a 35% HIV/AIDS prevalence rate for the 7,019 households that earned revenue as of December 2002 on LEAD interventions. The figure of 27,794 households reached includes those receiving training and other services but have not yet harvested their crops or earned revenue from their micro investment.
- \*\* Based on a sample of 2 mature linkage programs that have earned revenue to-date. The other two linkage programs which have earned some revenue to date (Honey-Bee Keeping and Black-Eyed Bean project) have been excluded from this average because they are more in the category of food security activities than real revenue generation. The Black-eyed Bean intervention (while it was planned as an income generation activity) turned out to be more of a food security project because farmers ate most of their crop rather than selling it to the buyer because of the failure of the maize harvest. Also income figures have been grossly underreported.

Table 6 shows the relative investment of LEAD interventions between IR1 (access to credit) and IR2 (improving business capacity). Many of the results in terms of revenue, training services, and market access will be realized at the next harvest period in March to June 2003.

<b>Table 6</b>	
<b>LEAD Investment in Interventions by Intermediate Result Area</b>	
IR1: Increase Access to financial services	Z\$ 231,628,660
IR2: Improve Business Capacity	Z\$ 508,103,750

Table 7 below illustrates the achieved results in relation to planned targets for 2002. In hindsight the targets established in mid 2002 now appear to be overly optimistic given both the downturn in both the economic and political situation and the worsening drought conditions until very recently. Delays have been also caused by extended drought and political interference. Moreover, the targets were established on an annual basis instead of a more accurate way of linking them to natural crop cycles. Many crops planted in September 2002 will not yield food or income before March 2003. The targets, therefore, need to be brought in line with the agricultural cycle. In the linkage projects, the results we are seeing now on the ground began in October and November 2001.

Nonetheless, the results achieved to date, irrespective of these inflated targets in the PMP, reflect a strong showing for the year.

<b>Table 7</b>			
<b>Targets Vs Achieved Indicators</b>			
Results	2002 Annual Targets	Results Achieved to Date	Percentage of Targets Achieved as of December 15, 2002
Ind. 1.1: Number of micro-loans and other financial products acquired including in kind loans	56,800	16,596	29%
Ind. 1.2: Z\$ Value of micro-loans and other financial products acquired	542,200,000	\$187,682,121	34%
Ind. 2.1: Number of business and technical services and technologies acquired	131,000	30,478	23%
Ind. 2.2: Number of hours of internet and communication services	- Project not yet started	-	-
Ind. SpFA 1.	25,500	6,141	24%
Ind. SpFA 2	30,478	9,813	32%
SpO Outreach Indicator: Total number of services acquired (2.1 + 1.1)	187,800	47,074	25%

## IV. Household Impact

What has been the impact of LEAD interventions on disadvantaged households? To answer this question LEAD contracted two research firms in Zimbabwe to conduct household level sample surveys on 7 LEAD interventions: 3 dealing primarily with market access (though in-kind credit and training were also provided) and 4 dedicated mainly to microfinance. Household interviews were carried out with both project participants and non-participants in equal numbers, the latter serving as a control group. The most “mature” projects were selected (not necessarily the best performing) to allow sufficient time for the specific economic activity to manifest measurable change in the lives of our clients. The findings are presented below on a project-by-project basis.

### 1. Ostrich Outgrowing

In the remote village of Mbembesi, located in Zimbabwe’s arid southern province, it is unusual for a woman to own and run an enterprise of any sort. However, Sarah Ndlalambi has been able to do just that: she is now a primary producer of ostriches for both the local and international market. While she received help from her husband and her eldest son, the 45-year-old Mrs. Sarah Ndlalambi is responsible for the overall management of the enterprise.

*“This is the beginning of good things to come. Keeping ostriches has brought a new dimension to our life. I am looking forward to continuing with the venture,” said Mrs. Sarah Ndlalambi “My son who failed his exams last year is helping me. At least he has something to do. Besides, this is the first-ever ostrich outgrower project in our community. It has generated a lot of community interest. Some people just offer us help for free, and the birds are also an eyeful for both young and old in this village.”*



This intervention began in November 2001 with the help of Khula Sizwe, a Zimbabwean NGO. The project is small with limited capacity to expand but it does provide excellent revenues for participating families if well managed. Chicks are loaned to participating families, raised for six months and then sold back to a private sector company which slaughters the birds and sells meat and the by-products in the export market. Of the 51 outgrowers currently involved in the project, 28 are women. Of the 23 men, eight have delegated responsibility of managing the ostriches to their wives. Certainly, women are proving that they are capable to perform as effectively as men – if not better – in the business of ostrich outgrowing.

Simple business training was also provided to participants to help them with record keeping and basic analysis surrounding the concept of investment. Neither age, nor financial status nor literacy level has been a factor in selecting farmers. In fact, to overcome the problem of illiteracy the program utilizes indigenous teaching methods through role-plays and drama, to impart proper farming and business skills to participants

Unfortunately, political interference, drought and the general economic downturn have all adversely affected the number of outgrowers, which are currently down from an expected 100 to only 51. In 2003, Khula Sizwe expects to add another 50 families to the scheme. Despite the rough going in the first year, the project has produced significant impact on the lives and livelihoods of participating families.

For this report, 20% of participating households were sampled with an equal number of non-participating families as a control group. From the survey it is clear that participating families ate better and more frequently than non-participating families even though the general economic downturn has adversely affected the entire population. It is interesting to note that participating families invested some of their new revenues in keeping their children in school and purchasing medicines for infectious diseases most likely brought on by HIV/AIDS.

<b>Table 8</b>	
<b>Ostrich Outgrowing in Matebeleland North and South</b>	
<b>Area of Measurement</b>	<b>Findings</b>
<b>Respondent Profile</b>	70% were female for both participants and non-participants. The mean age for participants was 45 years and that of non-participants 49 years. Education levels were evenly distributed across the sample with primary level being the highest attained.
<b>Family Size and Children</b>	The average family size is 7.4 individuals with 4.0 under the age of 18 years and 2.6 under the age of 13 years.
<b>Project Income</b>	Income generated by the project to date <b>averaged Z\$ 93,000</b> per participant households. One family interviewed however, had earned Z\$182,000.
<b>Additional non-project income</b>	Mean income from non-project economic activities from gardening, metal and wood work and other income generating activities (IGAs) (both participants and non-participants) averaged only Z\$6,500 for the same period.
<b>Impact on Food Security</b>	Generally the frequency of meals reduced for both participants and non-participants alike, but it reduced less for participants. Children in the households of project participants still had 3 meals a day (down from 3.2 meals in the pre-project period) while the children of non-participants reduced from 2.4 meals in the pre-project period to 1.9 meals a day.
<b>Meat in the Diet</b>	Participant households ate meat 1.8 times a week and non-participants only 1 time per week.

<b>Acquisition or Protection of Assets</b>	Our research team found a defined trend for participants over non-participants to have acquired new household assets and livestock during the same period. Participants attributed this to the revenues generated from the ostrich-growing project.
<b>Impact on Education of Children</b>	40% of participant households were able to maintain their children in school from revenues derived from the project.
<b>Households visibly affected by HIV/AIDS</b>	Among both participant and non-participant households 35% were visibly affected by chronic illness and death attributed to AIDS by the survey team. <b>60% of the project participants were in this category.</b>
<b>Impact on Health Care</b>	40% of the participant households affected by AIDS were able to use the revenues of the project to buy medicine for opportunistic diseases.
<b>Impact of LEAD Business training</b>	90% of the project recipients received business training as a part of the intervention and all expressed a high degree of satisfaction. However, no tangible impact could be ascertained other than better record keeping.

## **2. New Markets for Goats and Sheep**

Like other farmers in Zimbabwe's arid Beitbridge district, Ophert Maphosa and his family rely on sheep and goats as a means of livelihood. Despite this, there are no guaranteed markets for the animals, and most farmers have found themselves selling their goats when they have reached maturity at very low prices to local traders. Lack of access to a guaranteed market was identified as major impediment that exposes poor farmers like Mr. Maphosa to "unscrupulous" dealers. Thus the immediate goal of the project was to offer a platform for farmers to increase incomes through access to an organized and more profitable marketplace.

In January 2002, LEAD in partnership with World Vision Zimbabwe launched a program to link communal farmers in Beitbridge and Gwanda with a commercial buyer based in Harare to sell existing stocks of goats and sheep and eventually go into the business of goat and sheep rearing. The buyer, National Association of Sheep and Goats, offered a much better price for meat than what could be obtained by the communal farmers in the local markets. NASHGO expected to purchase between 400 and 500 goats and sheep per week from participating households and the Harare-based commercial buyer was prepared to increase the numbers if things went well.

Unfortunately, just before the first sale, there was an outbreak of hoof and mouth disease and the government placed restrictions on the transport of animals to Harare. This restriction is still in effect. This predicament dealt a serious blow to the future prospects of the goat and sheep project.

World Vision and LEAD responded by linking 664 rural households to new markets within the expanded quarantine area. NASHGO prices could not be matched but the secondary markets provided higher prices to sellers than local abattoirs would pay. Despite the less favorable terms of exchange brought on by the hoof and mouth disease, the intervention still managed to make a significant difference in the lives of participating families. In general, the technical and business training has provided these groups and farmers with necessary skills for sheep and goat rearing, production, bookkeeping and marketing skills.

*"Although the income generated from goat and sheep sales helped me to supplement money for school fees, both the foot and mouth disease and the drought have had a terrible impact on us", he said "As a result our economic status has remained the same". "However, the technical support was excellent", he said in reference to business and*

*technical support services given to the farmers “I am now a para-vet, so it helps me treat the livestock for all diseases. This reduces the mortality rate of my goats and sheep”.*

For this report, 30 participating households (4.5 percent of the families) were sampled with an equal number of non-participating families as a control group.

<b>Table 9</b>	
<b>Sheep and Goats in Matebeleland South</b>	
<b>Area of Measurement</b>	<b>Findings</b>
<b>Respondent Profile</b>	60% of the respondents were women for both participants and non-participants. The mean age for participants was 41 years and that of non-participants 43 years. Education levels were evenly distributed across the sample with primary level being the highest attained. 55% of the respondents had attained this level.
<b>Family Size and Children</b>	The average family size is 7.4 individuals with 3.9 under the age of 18 years and 2.6 under the age of 13 years.
<b>Project Income</b>	Income generated by the project to date <b>averaged just over Z\$ 25,000</b> per participant households.
<b>Additional non-project income</b>	Mean income from non-project economic activities from gardening, fish selling, trading, sewing and other income generating activities (IGAs) (both participants and non-participants) averaged only Z\$14,269 for the same period.
<b>Impact on Food Security</b>	The project has made little difference in the number of meals eaten by participating and non-participating households. The number of meals eaten by children in both groups declined from 3.2 in December 2001 to 2.8 in December 2002. But 46% of the participating households stated that the goat project had help them in respect to buying food.
<b>Meat in the Diet</b>	The number of times participating families consumed meat declined from an average of 3.1 times per week in 2001 to 3.0 in 2002 and 2.9 times per week in 2001 to 1.7 in 2002 for non-participating families. The impact in food security is keeping meat in the diet.
<b>Acquisition or Protection of Assets</b>	Participants sold cattle less often than non-participants in the same period. 20% of participants were able to purchase new assets with the project revenues such as cattle, bicycles, scotch carts and wheelbarrows. One person built a house.
<b>Impact on Education of Children</b>	53% of project participants stated that revenues earned by selling goats were used to pay for school fees and uniforms.
<b>Households visibly affected by HIV/AIDS</b>	Among both participant and non-participant households 22% were visibly affected by chronic illness and death attributed to AIDS by the survey team. <b>20% of the project participants were in this category.</b>
<b>Impact on Health Care</b>	40% of project participants noted that selling goats had helped them to obtain medical care and buy drugs they required. Out of this 40% at least AIDS has affected one in four households seriously.
<b>Impact of LEAD Business training</b>	Half of the project participants acquired business training offered to all participants. While clear attribution is difficult to make, the average gross profit margin (revenues minus expenses) attained by those who did not take the training was 35%. For those who did take the training the average gross profit was 169%. This might only reflect better record keeping of trained participants, but it does suggest the tangible benefits of combining business training with market linkages.

### **3. Black-eyed Beans**

This intervention began in October 2001 and introduced a new edible cash crop to 1600 communal farmers of UMP, Mutoko and Mudzi in partnership with VeCO, an agriculture-oriented NGO. This intervention was more successful in terms of food

security than generating income because the farmers in the wake of the maize crop failure ate much of the harvest. Drought also lowered yields. Moreover frequent side marketing reduced the effectiveness of the intervention as a commercial linkage and made what income was earned even more difficult to piece together.

29 farmers were given structured interviews of which 5 did not participate in the program. This represented a tiny sample of only 1.5% of the total number of farmers participating (24). The tense political situation in the northern part of the country was not conducive for carrying out a larger study.

Two women farmers were also interviewed in depth to understand attitudes and perceptions about what happened on the project. They reported the highest yields (100kgs each) amongst the sample group. Other respondents reported yields of 80kg and below. However, unstructured meetings with several community leaders and others not included in the random sample indicated that some project members actually had yields of at least 700kgs. Discussions with VeCo, the implementing organization revealed the highest yield reported was 800 kgs from an area of 0.5 acres. Because of the prevalence of side marketing, it is believed that all respondents grossly under stated yields for fear of reprisals although yields were generally lower than expected because of the drought and also due to the fact that this was a new crop which had to go through a trial period. Instances of side marketing were difficult to isolate and quantify, as informants were not willing to come forward. In light of this, it can be assumed that the project had a higher positive impact on a wider range of issues than could be verified in the field. Most respondents did say that black eyed beans “is a good cash crop” and “a good source of food”.

The first in-depth interview was held with Elise Gambahaya, a woman of 75 years. She is a widow looking after three grandchildren under 17 years of age. Presumably the orphan’s parents died from AIDS related causes. Mrs Gambahaya planted .05 hectares of beans and received a yield of 100 kilograms. Some of the beans were sold and others eaten. From the sale of beans she was able to buy bread, supplement school fees for her grandchildren and improve the diet for her grandchildren. She said the beans allowed her to give a good meal to her grandchildren before walking to school. Although she did not categorically state this, her responses showed that she now has 2 more goats than she had before the start of the project

The second woman was Noriah Nyaruni, 54 years of age. She is married with one living child. She planted one hectare of beans and harvested 100 kilograms. Mrs Nyaruni sold some of the produce and fed the rest to her family. The income paid for the schools fees for her child for one term. The child, who was in form II at the time of the field survey, would have had to leave school for lack money without the bean harvest. Like the Mrs Gambahaya above, Mrs Nyaruni’s responses indicate that she now owns five more cattle after the project than before. The interviewer felt that this was due to the project protecting her from having to sell livestock to survive.

<b>Table 10</b>	
<b>Black-eyed Beans in UMP, Mutoko and Mudzi</b>	
<b>Area of Measurement</b>	<b>Findings</b>
<b>Respondent Profile</b>	41% of the respondents were women for both participants and non-participants.
<b>Project Income</b>	For those who planted and harvested yields varied from 14 kgs to 100 kgs. The mean income received was only Z\$1,455. However, much of the harvest

	was eaten and not sold. It is not possible to reconstruct this accurately since some of the farmers sold to third parties and were reluctant to report income.
<b>Additional non-project income</b>	Mean income from non-project microenterprise economic activities was Z\$ 24,608 for participating households and Z\$ 18,333 for non-participating households for the same period. Some of this income could have been derived from side marketing.
<b>Impact on Food Security</b>	Food security was the major benefit of this program, though respondents were reluctant to admit how much of the harvest was eaten. 50% of the respondents said they used income from the harvest to buy food.
<b>Meat in the Diet</b>	The average number of times participating households ate meat in a week was 1.1 while non-participating families ate meat only .8 times a week.
<b>Acquisition or Protection of Assets</b>	Data shows there was no marked difference in terms of asset acquisition between participants and non-participant families.
<b>Impact on Education of Children</b>	The impact of the project on education was very positive with nearly 90% of participants saying they had been able to pay school fees because of the project. 8% of the sample said they were able to buy books for school.
<b>Households visibly affected by HIV/AIDS</b>	Among both participant and non-participant households 31% were visibly affected by chronic illness and death attributed to AIDS by the survey team. <b>25% of the project participants were in this category.</b>
<b>Impact on Health Care</b>	41% of project participants noted income from the project helped them to obtain medical care and buy drugs they required. This seems to indicate more income was earned than reported above.
<b>Impact of LEAD Business training</b>	2/3rds of participants acquired business training offered to all participants. 93% of those receiving training felt it was useful and productive and all of these respondents said more training would be helpful.

#### **4. Summary of three Market Access Interventions**

- Most respondents across all projects agreed that income from the project had helped pay for school fees and uniforms. On the black-eyed beans project, 27 children across 24 households told interviewers that they enrolled or maintained in school because of income generated from the beans. Eleven children across ten households were enrolled in school because of members' involvement in the ostrich out grower program and an average of 1.5 children per project member household on the sheep and goat project were in school due to this project, according to respondents.
- About 40% of respondents on the sheep and goats project, 46% of those who achieved a yield of black-eyed beans and 40% on the ostrich program said that revenue from their involvement in the projects had helped them obtain medical care for household members.
- Twenty-two percent of the 60 households represented on the sheep and goat evaluation were judged to be HIV-affected, with corresponding figures of 38% for the black-eyed beans. AIDS affected 60% of the ostrich outgrower's households.
- Of those involved in the projects, and believed to be affected by HIV (either an HIV-related death or illness in the family), all the HIV affected respondents on the sheep and goats project said that they had needed to access medical care and had been able to do so because of income received from the project. 80% of the HIV-affected project members on the black-eyed beans project were able to obtain the medical attention they had required to treat opportunistic infections as compared to 66% of the control group (those AIDS affected households but not participating).

- **The greatest impact of these three programs appears to have been in increasing the food security position for member-households**, in what has been a difficult year due to the poor state of the economy, high inflation rates and a severe drought. Members of the sheep and goat project, whilst having experienced a similar decline to non-members in the numbers of meals eaten per day, eat meat significantly more times per week (3 times, on average) than do non-project members (1.7 times, on average), though these two groups were similar in this respect, a year ago. This has been done at the expense of their herds, however, since this meat has been consumed through slaughtering a large proportion of their herds, in many cases. On the black-eyed beans project, there has been a decline in the number of meals eaten a day for adults and for children, for both members and non members, but the decline has been less severe for project members who harvested the beans (2.7 down to 2.3 meals a day for adults and 3.1 down to 2.7 meals a day for children) compared with non-members (2.6 down to 2.0 meals a day for adults, and 2.8 down to 2.2 meals a day for children). Home consumption of beans has played an important part in the nutrition of project-member households. A similar picture emerged on the evaluation of the ostrich out grower program. Whereas adults in project-member households eat 2.4 meals a day, on average, down from 2.7 meals a day before the project commenced, non-member households are eating only 1.7 meals a day now (per adult), down from 2.3 a year or so ago. Children in project-member households are eating 3.0 meals a day, on average, from 3.2 before the project started. But in non-member households, children are only eating 1.9 meals a day, from 2.4 a year ago. In the Beitbridge area, project members spoke of being able to afford to buy food, but noted that availability of food to buy is a serious problem, for many.
- On the sheep and goats project, a gross profit of 75% was recorded, to date (average of \$14275 expenditure and \$25000 income). On the ostrich project, the ten respondents claimed to have spent an average of \$18000 and received back \$93125, thus a profit of over 400%. Reported incomes and expenditures (and indeed, yields) on the black-eyed beans project were too low to be credible. It seems that side-marketing and home consumption have accounted for yields that have not been reported. This needs further investigation. (One respondent reported having spent \$2000 and received \$6420 from sales of the beans, but the mean expenditure and income was reported at a respective \$714 and \$1455).
- Those who had received business competency training (most of the respondents on the ostrich, two-thirds on the black-eyed beans and about half on the sheep and goats project) praised it highly, but wanted more refresher courses. More emphasis should be given on disease control for all three projects, it was noted. Those who had been on the training were more likely to keep records of expenditure and income than were those who had not attended these training courses.

## **5. Summary of four Microfinance interventions**

As a part of its effort to extend microfinance into depressed areas, LEAD competitively awarded four grants to microfinance institutions to open up new points of service in rural and peri-urban areas. The four institutions are Women's Development Savings and Credit Union, Collective Self-Finance Scheme, Pundutso, and Zambuko Pvt. Ltd. In 2002, all four of these institutions opened up new branches and provide 4,467 loans to microenterprises and poor households. Zambuko provided 71% of these loans – an

achievement that speaks well to LEAD plans for 2003 of supporting Zambuko to transform into a regulated financial institution.

To measure the impact of LEAD's four classic microfinance interventions related to opening up new points of service in rural areas, an evaluation survey of 538 out of 14,147 households was conducted. Only micro-borrowers who had loans for four months or more were surveyed. The findings showed a clear increase in both income generation and quality of life expenditures at household levels.

### **Impact of Loans on Income Generation**

The average value of micro-business assets owned by borrowers increased from Z\$27,172 to Z\$41,734, a percentage increase of 54% from the time before the client accessed the loan. Even more impressive, the total average monthly income per micro-business rose from Z\$33,176 to Z\$ 67,385, an increase of 103 %. This added income translated into the creation of additional employment, especially for other household members. The number of jobs created by project clients was 131 reflecting an increase of 24% over pre-loan levels. Based on the average earnings per number of employees, productivity per employee, also increased by 64%. Table 11 provides details before and after loan was received.

<b>Table 11</b>			
<b>Business assets base, sales and income earned</b>			
BUSINESS ASSETS	BEFORE LOAN	AFTER LOAN	% CHANGE
Average total business asset base	\$ 27172	\$ 41734	54
Average Business income/sales	\$ 33176	\$ 67385	103
Number of jobs created	547	678	24
Productivity per employee/month	\$ 32631	\$ 53470	64

### **Impact of Loans on Household Expenditure**

Per capita expenditure among project members also rose by more than 77 % after they receiving a loan. Families reported that because of increased household incomes they managed to maintain an average of three meals per day. Most poor families are now surviving on one meal per day. Table 12 shows a detailed analysis of the expenditure patterns.

<b>Table 12</b>			
<b>Per capita expenditure at household level</b>			
INDICATOR	BEFORE LOAN	AFTER LOAN	% CHANGE
Per capita food expenditure	\$ 1762	\$ 3194	81
Per capita education expenditure	\$ 607	\$ 1271	109
Per capita health expenditure	\$ 229	\$ 492	115
Per capita clothing expenditure	\$ 573	\$ 1013	77
Average number of meals per day	3	3	0

### **Education**

All loan recipients reported that their children are enrolled at school and only 1% had children who had dropped out. The reasons for those who dropped out were mostly to due to poor grades or low motivation and not lack of funds for school fees or uniforms. The survey data showed that educational expenditure increased from Z\$607 to Z\$1271 among the project participants.

## Health and clothing

Expenditures on health care had an increase of 115% whilst on clothing expenditure per capita increased by 77%.

## Impact of Loans on Quality of Life

The average value of household assets owned by LEAD project participants increased from an average of Z\$110,161 per household to Z\$124,480 per household. Per capita expenditure on household assets rose from Z\$1307 to Z\$1978, an increase of 51%. This was reflected in the increase in household assets owned by micro-finance clients as shown in table 13.

<b>Table 13</b>			
<b>Per capita expenditure and change in Household assets owned</b>			
Household Assets	Before Loan	After Loan	% Change
Per capita household asset expenditure	\$1307	\$1978	51
Household asset base	\$ 110161	\$ 124480	13
Radio	146	272	86
Bicycle	43	92	114
Electric/gas stove oven	65	117	80
Electric Hotplate	103	177	72
Paraffin stove	64	139	117
Use wood to cook	76	160	111
Refrigerator	82	170	107
Motorcycle	5	12	140
Scotch cart	15	20	33
Plough	32	47	47
Hoes	65	127	95

Mrs Mangere, one of the microfinance clients, admitted that great changes have taken place at the household. She mentioned that changes in food consumption both quality and quantity, current expenditure of food which she pegged at 2000 a month, ability to pay for medical expenses and school fees without much problems and rentals for the business premises. However, she also pointed out that the impact may not be attributed to the effect of loan alone but the loan played a very important role. It brought a positive change both at household and business level.

Over 85% of the project clients interviewed indicated that the project had improved their quality of life. Although more entrepreneurial than most, Mrs Maronga's story is not entirely atypical of what you can expect from Zambuko clients.

Mrs. Tsitsi Maronga is a disabled woman who runs a small tuckshop (retail business) in Rusape. In 1997, after her husband passed away, Mrs. Maronga started her own business after realizing that she had to play the role of a breadwinner for her family. With a paltry ZW\$800 from her savings, she started her business. To both expand and strengthen the enterprise, she sought out a loan.



*"I wouldn't have expanded this much if I wasn't a member of Zambuko (Pvt) Ltd," said Mrs. Maronga. "Before, my husband died, he used to be the sole breadwinner. But now that he is late, that responsibility is on my shoulders. In fact, I am earning a lot more now than what my husband was bringing home. Before, I was entirely dependent on my husband but due to unforeseen circumstances I had to take a risk," she said. "Now I am earning money myself and I don't feel as dependent."*

True to her words, Mrs. Maronga has not been deterred by her disability. If anything, her disability coupled with funds she managed to access from the LEAD-assisted microfinance institution Zambuko (Pvt) Ltd have spurred to climb greater heights. Mrs. Maronga manages all aspects of the enterprise, from purchasing supplies to supervision of employees. Mrs. Maronga has also managed to complete building the family house as well as erect a tuckshop building at her homestead. In fact, she says she now feels a new sense of self-confidence and independence because of her newly acquired ability to save, invest and earn.

According to the supervisor of the Zambuko (Pvt) Ltd. Rusape branch, Mrs. Maronga has managed to attain a reputation as one of their best clients. Although she has been with Zambuko (Pvt) Ltd. for many years, she always pays her installments and is rarely in arrears.

*"What is most dramatic about this program is its ability to reach some of the most underprivileged and poor people in the community", said the supervisor "The second point is that this program represents quite a departure from the orthodoxy in microfinance in that we strive to equip our clients with concrete business advice before they enter the market".*

Mrs. Maronga has two children, and is assisted with her two sisters. Her two sisters are single mothers with a child each. Mrs. Maronga said that the loan has been of great assistance to her, and this is reflected at business level through assets she bought for her business as well as business opportunities created for her two sisters. She also admitted that the condition of her household has generally improving ever since she started accessing the loan. Also, she can now pay rental, school fees for her two children and pay for her medical expenses without problems of which she attributed to the loan.

## **V. Two Innovative Projects**

### **1. Low cost drip irrigation kits and pumps**

LEAD in partnership with International Development Enterprises, an NGO based in Colorado, is promoting the use of low-cost micro-tube drip irrigation kits and affordable treadle pumps to increase the productivity of household gardens. The products are designed to be affordable for smallholder farmers, save water, and increase yields and input productivity. Smaller kits are being targeted at HIV/AIDS affected households because they require less time and effort in hauling water to gardens. The micro-irrigation system will feature prominently in the LEAD 2003 workplan. The following story gives the reader of the potentially huge impact of this new technology if widely disseminated.

Adine Nape, a man in his early twenties, lives at the Mari Mari an old resettlement area just outside the small mining town of Kwekwe in Zimbabwe's heartland. He is excited about the opportunity to produce more vegetables for both consumption and sale made possible by a new micro-drip irrigation system being promoted by LEAD with its partner

International Development Enterprises. The drip kit offers an affordable and efficient way to enhance productivity of household gardens improving the nutrition of rural families, adding to food security in times of drought and increasing income through the sale of surplus. Because it requires less water and labor, it has appeal for AIDS affected families who are caring for sick relatives. Since malnutrition accelerates the progression of AIDS, the kits have a definite health impact as well as an economic one.

Mr. Nape comes from a poor farm family. He lives with his father and a 19-year-old brother in a compound consisting of several circular thatched roof dwellings. Growing up at the Mari Mari, Mr. Nape's life is one of hardship but that has not stopped him from participating in the pilot phase of the drip kit and irrigation system. In the pilot, LEAD working with its partners has distributed 560 drip irrigation kits and 100 treadle pumps mostly to HIV/AIDS-affected rural households in drought-affected areas in the country.

Mr. Nape's drip plot, which is enclosed by a seven-foot long fence, is located next to his homestead where he can keep an eye on it – a necessary precaution as some families with drip kits have had them stolen. *"The drip irrigation system allows water to get deeper into the roots than it does when I irrigate using the bucket"*, enthused Mr. Nape *"My vegetables are maturing faster and I will likely get a better yield this year"*

According to Mr. Nape the drip irrigation system has cut his watering labor time in half, and allowed him to expand his vegetable plot and move it closer to home for better inspection. Previously, his vegetable plot was located right next to the well and he watered it directly by bucket, a process that took him almost an hour everyday.

To be sustainable, irrigated agriculture must be economically viable. Mr. Nape says he will not only sell vegetables to his local market. Instead he will find ways to expand to the Harare market with its 1.8 million inhabitants. Mr. Nape intends to grow higher value crops to fetch higher prices in the market. A combination of improved agronomic practices and timely information about higher value crops could easily double Mr. Nape's income by next year.

## **2. Legal Services Voucher Program**

LEAD's Legal Services Voucher Program seeks to enable the poor to have access to legal services using, a traditional business development mechanism – the voucher. In essence, the program connects two groups that in the past have not worked together – law firms and HIV/AIDS service organizations. The voucher system enables the two groups to provide legal protection to those families affected by AIDS but because of poverty cannot afford the high cost of legal fees. LEAD is working with AIDS Service Organizations (ASOs) and their networks to identify and make the voucher accessible to those affected by HIV/AIDS. The law firms will provide the services and as part of the agreement provide the ASOs every three months with some pro bono services, such as giving presentations to members and clients of the ASOs on property law, wills and guardianship. The program is still in its early phases (only three months of operation), but still the impact on the lives of poor people is being felt. This is well expressed by two of the program's early beneficiaries.

Both Timothy Mateu and Esther Rusinga share a deep concern, which has prompted both of them to participate in LEAD's Legal Services Voucher Program. Their concern consists of taking care of the future and well being of their dependents. In Zimbabwe, property squabbles are endemic after a death in the family. The fights often leave the deceased's dependants in financial desperation. In the absence of affordable legal services, the poor and AIDS infected face the brunt of this social problem. LEAD's initiative enables the

poor to gain access to legal services using a traditional business development mechanism – the voucher. In this case, the voucher has a clear social goal of providing affordable legal services and products to protect the assets of HIV/AIDS affected households.

*“I chose to write a will so that I could secure the future of my children”, said Mr. Mateu, a father of four in his late thirties “Its good to plan for the future to avoid problems”*

This activity is designed to enable the clients of AIDS Service Organization (ASO), especially surviving spouses and children to access legal protection at discounted rates and simultaneously encourage law firms to reach out to hitherto under served markets. The goal is both to make services available to those without access as well as to open up the minds of lawyers about the potential opportunity to provide low-cost services in less affluent neighborhoods. One lawyer has already decided to offer a better service by coming to the town where his clients live, rather than making them come into Harare and spend their scarce money on public transport.

With assistance from the Epworth Post-Test Club, an AIDS services organization participating in the Legal Services Voucher Program, both Mr. Mateu and Mrs. Lusinga managed to access the services of lawyers to draft their wills.

*“The lawyers were very understanding such that it was not very difficult for me to get the service that I needed”, said Mrs. Lusinga, an elderly woman. Like most women of her age in Zimbabwe today, she has a mammoth task of looking after her orphaned grandchildren.*

The lawyers participating in the program undergo mandatory HIV/AIDS sensitivity training to enable them to deal with the pressures of working with infected or affected people.

Despite being a major concern of HIV-infected people, legal issues are usually accorded secondary attention. However, recognizing the legal rights of persons living with HIV/AIDS as well as other persons affected by the pandemic is fundamental to addressing the social suffering caused by this terrible disease. Legal services also have major economic consequences for poor households if the services allow them to retain and pass-on assets to their children and grandchildren.

In addition to more direct effects, the legal services program can also promote openness, tolerance, and involvement of the public in issues surrounding HIV/AIDS.

*“Initially, people in my community did not want to hear about the Program but with time their attitudes have changed and most are really interested in getting their wills processed”, added Mrs. Lusinga.*

## **VI. Conclusion**

In 2002, the LEAD program was able to make substantial progress in relation to achieving intermediate results and, even more important making a real difference in the

lives of the people we are trying to serve. Despite worsening conditions in Zimbabwe on nearly every front, LEAD was able to move forward and put in place 36 interventions designed to reach more than 66,000 households that will touch the lives of 396,000 people (estimating 6 per household). While many of these interventions will not bear “fruit” until the harvest in 2003, the productive activities have been set in motion. Even before the 2002/03 growing season is completed, LEAD has **benefited 27,794 households** with its services as of the end of December 2002.

## **1. Increasing Access to Financial Services**

LEAD provided through its partner organizations 16, 596 micro loans in 2002. The majority (13,127) of these loans were for input credit to smallholders. Two loan guarantee programs have also been established in partnership with Africare and SAFIRE (a Zimbabwean NGO). This will greatly expand access to financial services for communal farmers in both this growing season (2002-3) and next.

In terms of classical microfinance, LEAD with its partner microfinance institutions opened up 12 new points of service in rural areas. The new branches provided **4,467** small loans to informal enterprises and for household income generating activities. Zambuko Trust who provided 3174 of these loans did so with an operational sustainability of 102% and a portfolio at risk (30+ days) of 2.6%. Zambuko Trust grew its client portfolio from 8741 clients in April 2002 to 12,854 clients by the end of December 2002, an increase of 47%!

The findings of the impact survey highlighted the importance of improving access to micro-credit for the disadvantaged groups. The results revealed that the loans accessed by clients improved business performance as shown by increased income, job creation and additional employment for household members, higher productivity per employee and increase in business assets.

The findings also showed that the LEAD micro-credit project has improved the quality of life of project clients. Increases in income by participating households allowed them to spend their added disposable income on education, health, food and clothing. The micro-loans enabled households to purchase assets like radios, bicycles, scotch-cars and cooking facilities. The results bode well for an expansion of microfinance in 2003.

## **2. Improving Business Capacity**

LEAD also made substantial progress in improving business capacity by providing access to new markets to 2552 households which is due to increase by a factor of 10 in the next harvest season. In terms of skills development and capacity building LEAD provided an impressive 2.2 million person days of training aimed at the improving of business capacity in informal sector microenterprises, smallholder communal farmers, youth entrepreneurship, motivational training for HIV affected and training of trainers to deliver a range of products to our client groups.

The business skills training and capacity building was a contributing factor to improving the marketing and financial management of project participants. For instance it was noted that 93% of the participants in the Ostrich project received training and they all expressed a high degree of satisfaction. The same was shown by the Sheep and Goats project where half received training. Those who received training made substantially better gross profit margins: 169% as compared to 35% for those without training. About two thirds of the participants in the Black Eyed Bean project acquired training and over

90% felt it was useful and productive. The results seem to indicate the value of the business and skills training being offered in commercial linkage programs.

A new innovative technology was introduced to 500 AIDS affected households allowing them to grow nutritious home gardens, eat better and use water more efficiently. The micro-drip technology will feature prominently in the 2003 LEAD program. We hope to expand the number of kits from 500 to 50,000 depending on the availability of funds.

### **3. Impact on Economic Crisis Mitigation**

When focusing on the question of what difference LEAD activities have made in the lives and livelihoods of poor households in Zimbabwe to date, one can safely say that our work has mitigated some of the worse affects of the economic collapse in Zimbabwe and pervasive AIDS crisis on households participating in our program. Our first impact surveys find that participating households eat better, keep their children in school longer, can afford medicines, and enjoy a better quality of life than their non-participating counterparts.

In addition the participating households used the extra income to purchase new assets like bicycles, cattle, scotch carts and wheelbarrows. This was especially evident among our classic microfinance households who are probably better off than many of the smallholder farmers targeted under the market access program.

One should not underestimate the very positive impact made by LEAD's interventions on AIDS affected households. Better diet translates into better health. Increase in disposable incomes provides the means to buy medicine and treat opportunistic diseases so common when the immune system is weak. This means adults with HIV will live longer and can provide better care for their children. Increased household incomes also enable AIDS affected families to keep their children in school. This investment in children is a very positive sign and lends hope to the assumption that better educated children will be less inclined to engage in risky behavior associated with the spread of this disease.

LEAD's view that non-targeting interventions can reach and have a major impact on AIDS affected households appears to be supported by the household surveys. Despite non-targeting interventions, the percentage of participating AIDS affected households in LEAD projects averaged around 35%. This is roughly the infection prevalence rate in the general population. The households were identified as being AIDS affected suffered from chronic illness, death and/or were caring for orphans.

### **4. Situational Factors and Achievement of Targets**

External factors such as drought, often-violent local politics, livestock disease and general economic recession adversely affected the performance of a number of LEAD's interventions, especially those focusing on market access in communal lands. As a result LEAD did not fully meet its established targets for 2002. For example the outbreak of hoof and mouth denied access to external markets for the sheep and goats project. The black-eyed bean project failed as an income-generating venture because the many farmers consumed most of the harvest after drought ruined their maize crop. In addition growers broke agreements and engaged in side marketing and possibly barter trading, which helped the families eat better and capture income but also drastically reduced our revenue figures and undermined the trust of the commercial buyer to cooperate in the coming years. The ostrich outgrower project was also hampered by political interference as well as drought and economic recession, resulting in lower number of participants than originally anticipated.

As a consequence the projected targets compared to actual achievements (given in Table 7 above) appear at first glance very disappointing. Despite our own perceptions of having a very good year, we only achieved slightly more than one-third the way to our original goals. Our targets now appear to have been set too high. They are not realistic. The targets accompanying the Performance Measurement Plan need to be reassessed and revised downward given the difficult environment and the shortage of economic growth funds for FY 2003 to fully fund the LEAD contract. It is our view that the results achieved to date, irrespective of our inflated targets, reflect a strong showing for the year.

Annex 1: The table below shows the number of disaggregated services delivered per intervention, to assist clients to improve their business capacity—IR 2.1

Intervention		Number of people accessing the services to date	Capacity Building Services	Business Skills Training Services	Technical Services Training	Market Access Service	Productive Technology Service	Total Services Delivered in the Intervention
1	Micro finance institutional capacity building and HIV/AIDS strategy	28	28		28			56
2	Black-Eyed Bean Outgrowing	1,533	1,533		1,533	118		3,184
3	Ostrich Outgrowing	74	74	53	53	53		233
4	Young Entrepreneurs Program	1,217	21	1,217				1,238
5	Guar Bean Production	800				500		500
6	Sheep and Goats Program	664	664	664	664	664		2,656
7	Expansion of microfinance services to Gutu and Maphisa	304		304				304
8	Opening of new points of service in Chiredzi and Beitbridge	510		510				510
9	Expansion of microfinance outreach in five rural areas of Gwanda, Gutu, Rusape, Chipinge and Zvishavane	3,174		3,174				3,174
10	Legal Voucher Program - Lawyers	46			46			46
11	Smallholder cotton farmers business and technical skills training	2,800	2,800 + 55	2,855				5,710
12	Bee-keeping/honey production – Makoni	2,700	2,700 + 10		2,710	700		6,120
13	Expansion of microfinance to Gutu, Sanyati and Nembudziya	479		479				479
14	Chili outgrowing in Muzarabani	497	497		497	497		1,491
15	Pilot Motivation Training	120		120				120
16	Smallholder dry land farming	190	190 + 23	190	190			593
17	Legal Voucher Program – Distribution Centers	80			80			80
20	Commodity Assoc.- out grower schemes	852	852		852	20		1,724
21	Smallholder horticultural extension services	54	54		54			108
31	LEAD-IDE low-cost drip irrigation and pump systems	500	500 + 66		566		500	1,632
32	Small holder Coffee out growers	500			500			500
36	Bee-keeping and honey production – Hwedza	10	10		10			20
<b>TOTAL</b>		<b>14,332</b>	<b>10,105</b>	<b>9,566</b>	<b>7,283</b>	<b>2,552</b>	<b>500</b>	<b>30,478</b>

There are five core business services provided in LEAD interventions, which all or some of the clients may access. These seven types of services are defined as follows:

**Capacity Building Services** – these include training of trainers and organizational development / farmer mobilization and organisation

**Business Skills Training Services** – these include aspects such as creating a business plan, starting, improving and managing a business

**Technical Services Training** – includes training on technical aspects for example, of agriculture, financial management, legal issues

**Market Access Service** – refers to links to a commercial buyer of a commodity

**Productive Technology Service** – includes tools or equipment